

VZCZCXRO6202
OO RUEHDT
DE RUEHC #1514/01 0071723
ZNR UUUUU ZZH
O P 071712Z JAN 08
FM SECSTATE WASHDC
TO RUEHUL/AMEMBASSY SEOUL IMMEDIATE 5889
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 2265
INFO RUEHGB/AMEMBASSY BAGHDAD PRIORITY 4777
RUEHBK/AMEMBASSY BANGKOK PRIORITY 9533
RUEHBJ/AMEMBASSY BEIJING PRIORITY 7133
RUEHRL/AMEMBASSY BERLIN PRIORITY 1451
RUEHSW/AMEMBASSY BERN PRIORITY 3292
RUEHBR/AMEMBASSY BRASILIA PRIORITY 6739
RUEHBS/AMEMBASSY BRUSSELS PRIORITY 8719
RUEHEG/AMEMBASSY CAIRO PRIORITY 3852
RUEHBY/AMEMBASSY CANBERRA PRIORITY 9953
RUEHLM/AMEMBASSY COLOMBO PRIORITY 2626
RUEHDK/AMEMBASSY DAKAR PRIORITY 9389
RUEHDT/AMEMBASSY DILI PRIORITY 4480
RUEHHI/AMEMBASSY HANOI PRIORITY 5796
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 1116
RUEHJA/AMEMBASSY JAKARTA PRIORITY 8556
RUEHBUL/AMEMBASSY KABUL PRIORITY 1560
RUEHKT/AMEMBASSY KATHMANDU PRIORITY 0070
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 7747
RUEHLO/AMEMBASSY LONDON PRIORITY 4217
RUEHML/AMEMBASSY MANILA PRIORITY 4777
RUEHME/AMEMBASSY MEXICO PRIORITY 9585
RUEHMO/AMEMBASSY MOSCOW PRIORITY 7020
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 5012
RUEHOT/AMEMBASSY OTTAWA PRIORITY 9053
RUEHFR/AMEMBASSY PARIS PRIORITY 6527
RUEHPF/AMEMBASSY PHNOM PENH PRIORITY 7030
RUEHGO/AMEMBASSY RANGOON PRIORITY 6562
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 7461
RUEHSV/AMEMBASSY SUVA PRIORITY 6569
RUEHUM/AMEMBASSY ULAANBAATAR PRIORITY 5503
RUEHWL/AMEMBASSY WELLINGTON PRIORITY 4767

UNCLAS SECTION 01 OF 05 STATE 001514

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [ENIV](#) [ENRG](#) [KGHG](#) [PREL](#) [JA](#) [KS](#)

SUBJECT: U.S.-JAPAN-KOREA POLICY PLANNING TALKS - WELCOME
DINNER AND MORNING SESSION

11. (SBU) Summary: Policy Planning Director David Gordon opened United States-Japan-Korea Policy Planning Talks by hosting Japanese Deputy Vice Minister for Foreign Policy Chikao Kawai, and Korean Deputy Foreign Minister In-kook Park for a working dinner December 16, during which they exchanged views on the effects of domestic politics on diplomacy in the coming year. In the December 17 morning session, Director Gordon, DVM Kawai, and DFM Park led discussions on climate change, energy security, Afghanistan, and the emerging economies of Brazil, Russia, India, and China. The working lunch and afternoon session are reported septel. End Summary.

Effects of Domestic Politics

12. (SBU) Japanese Deputy Vice Foreign Minister Kawai and Korean Deputy Foreign Minister Park predicted continuity in their countries' foreign policies in the coming year despite new or upcoming executive changes in both Japan and Korea. The alliance of each country with the U.S. remained central to foreign policy, but the electorates in both nations would be concerned largely with domestic issues. Kawai explained that with the Upper House of the Diet controlled by opposition Democratic Party of Japan (DPJ), the Liberal

Democratic Party (LDP) would have difficulty passing legislation, including Indian Ocean refueling operation for coalition forces engaged in Afghanistan. Speculation remains rife that Prime Minister Fukuda will call elections some time in 2008) and Kawai noted that the last four times Japan hosted a G7/G8 meeting, the ruling party has called a general election. Elections could come in February after a Diet vote on refueling, in April or May after passing the budget, or in July after the G8 leaders, meeting. "Instead of policy, we now have politics," Kawai lamented. Regarding ties to the U.S. and in the wake of a successful U.S.-Korea Free Trade Agreement (FTA), Tokyo and Washington should seriously consider a U.S.-Japan FTA, he concluded.

13. (SBU) Park noted that all the major candidates in the December 19 presidential election in Korea were well-informed on foreign policy, but that nongovernmental organizations)- for example, those dealing with foreign assistance, peacekeeping, and a host of global issues)- were a new factor for both the candidates and the government to contend with. While foreign policy was a second-tier issue in the campaign, the incoming President will coordinate with the Blue House on the timing of the submission of the FTA to the National Assembly. Asking when the U.S. Congress would consider the agreement, he said the U.S. should view the U.S.-Korea FTA not only in bilateral terms, but as a strategic gateway to Northeast Asia.

STATE 00001514 002 OF 005

Climate Change

14. (SBU) S/P Member Dean Pittman, in the December 17 morning session, reported that the UN Climate Change Conference in Bali, December 3-14, successfully adapted an agreed framework, thanks to the support of Japan and ROK. The primary goal was to ratify a framework for negotiations rather than start negotiating. The framework envisioned conducting negotiations over the next two years with the principles of not pre-judging any outcomes, and not excluding any country. The difficult work ahead, Pittman said, was to negotiate the details of the process. He noted that the Major Economies Process (MEM), which will include meetings in Hawaii January 30-31 and in Paris in February, would complement and inform the UN process.

15. (SBU) DFM Park said the Kyoto Protocol was a great achievement but any future framework needed to be more flexible and inclusive. He called for a framework that provided balance between preserving the environment and economic development; respected the unique economic condition of individual countries; assisted countries in achieving their environmental goals; and provided for the development of technologies. Park confirmed that the ROK would support the MEM process, and expressed appreciation that MEM would respect the UN process.

16. (SBU) DVM Kawai agreed that the Bali conference was a good start and that negotiations would be lengthy and difficult. He echoed the need to continue economic development while being mindful of climate change and to improve energy efficiency by developing and diversifying technologies. He pointed out that while there is a strong interest in Japan in saving energy and reducing carbon emissions, given the fact that Japan has already made drastic cuts in corporate and household energy usage, the Japanese public wonders what more they can do.

17. (SBU) In summary, Director Gordon said the United States, Japan, and Korea all agreed that a climate change framework should be comprehensive and flexible; balance good environmental stewardship with sustaining high rates of economic growth; and make use of technology to help us achieve the balance. He said the United States, Japan,

Korea, along with Canada and Australia, could be an effective bridge between the European Union, which was calling for more rigid compliance targets, and the developing world, which was resisting the imposition of environmental protection standards.

Energy Security

¶18. (SBU) Turning to energy security, Director Gordon outlined five goals shared by the United States, Japan, and Korea: diversifying types of energy and sources of supply; enhancing efficiency; ensuring the safety of sea lanes and routes of transport; and maintaining market transparency.

STATE 00001514 003 OF 005

DFM Park and DVM Kawai agreed that technology would be key to addressing energy security.

¶19. (SBU) Kawai added that energy security was important but market mechanisms were equally important. Japanese companies were interested in exporting energy-saving expertise but would require intellectual property rights protection before they could provide technological expertise in foreign environments. He noted Chinese companies were interested in energy saving technologies because they wanted to cut operating costs and not because they wanted to reverse climate change. He agreed that diversifying oil resources was important. In the past, oil shortages were supply-driven while recent shortages were more gradual and demand-driven. In response to Kawai's comment that Japan was counting on the U.S. Navy to provide for the protection of sea lanes, DOD Deputy Assistant Secretary David Sedney pointed out that the United States relied on our alliances with Japan and Korea, as well as cooperation with Malaysia, India, Pakistan, and Sri Lanka, to protect routes of transport. Sedney highlighted Japan's Indian Ocean refueling mission in support of Operation Enduring Freedom as an example of international cooperation.

Iraq and Afghanistan

¶10. (SBU) Director Gordon said that the United States hoped to build by January 2009 a relatively stable and economically sustainable Iraq. We were also hoping that the Iraqi parliament would enact during 2008 a hydrocarbon law to attract new investment. An improved security situation in the Sunni regions would encourage Iraq's wealthier neighbors to play a greater reconstruction role.

¶11. (SBU) S/P Member Amanda Catanzano stressed that reconstruction in Iraq and Afghanistan meant more than just building new schools, hospitals, and other infrastructure, but building institutions that worked, including a justice system that can root out corruption. Catanzano noted that the United States was concerned that international interest in Afghan reconstruction was dissipating and wanted to revitalize that interest.

¶12. (SBU) DVM Kawai said the stability of the Middle East was vital for Japan. Although Japan was limited by its constitution in the military forces it could contribute and had to suspend its refueling operation in support of Operation Enduring Freedom (OEF) because of domestic politics, Japan was committed to the civilian donor coordination program. He expressed confidence that the Japanese Diet would pass a new law to authorize Japan's participation in OEF.

¶13. (SBU) DFM Park said that Middle East stability was important for the ROK as well. DFM Park said he observed during his recent visit to Kabul that the Taliban were using psychological means to give the impression that they were

behind every insurgent action, thus giving rise to the

STATE 00001514 004 OF 005

possibility that the Taliban would return to power. The Taliban were also fanning the perception that Pakistan wanted to divide Afghanistan, all of which were undermining stability to the country.

BRICs

¶14. (SBU) Deputy Foreign Minister Park summarized a 2003 Goldman Sachs report that argued that by 2050 the rapidly developing economies of Brazil, Russia, India, and China (BRICs) would eclipse most of the current richest economies of the world. The high level of growth in these economies would translate into increased spending power and rising consumption of goods, and ultimately serve as a locomotive for global economic growth. To achieve this goal, however, China needed to eradicate corruption and undergo a technological breakthrough, Park said. Russia had to reduce its energy consumption, and Brazil needed to reduce bureaucratic red tape.

¶15. (SBU) Park said the BRIC countries were realizing their potential more quickly than Goldman Sachs had anticipated. In 2008 China would overtake Germany as the third largest economy. India would surpass China as the largest supplier of labor, because of China's low birthrate and a growing aging population. On responding to the rise of the BRICs, Park proposed increasing our partnership with these countries to manage both the positive aspects of development and its adverse impact on the environment.

¶16. (SBU) Deputy Vice Foreign Minister Kawai said it was crucial to ensure that the BRIC countries remained stable, pointing out that macroeconomic management might be difficult for them. He questioned whether they shared similar values to each other, and to the United States, Japan, and Korea. Comparing the Chinese and Indian economies, Kawai said China was building on 30 years of growth while India had experienced rapid growth in just the past ten years. He said that in the course of negotiating a Free Trade Agreement with India, Japan had discovered that much of the population was in need of skills training and education.

¶17. (SBU) Director Gordon, drawing on his work for the National Intelligence Council 2020 report, noted that globalization did not necessarily mean Westernization, and as a result, we were increasingly seeing a decline in the relevance of many terminologies, including "developing country" and "North-South." Gordon was struck by the differences that distinguished the BRIC countries from each other. India and Brazil were democracies while Russia and China were not. Russia was energy resource rich while China, India, and Brazil were high net consumers of energy without adequate domestic energy resources. He also questioned whether the four had enough similarities to form a single political entity or voting block, and recalled former Deputy Secretary Zoellick's point of engaging them so that they

SIPDIS
would be "responsible stakeholders" in the current status quo. Gordon said most people were optimistic about the present and immediate future but less so about the long term.

STATE 00001514 005 OF 005

¶18. (SBU) EAP DAS Alex Arvizu said he was inclined to consider Mexico with the other BRICs (MBRIC). While he was working in Bangkok during 1994-95, no one had any idea that China would be what it was today, and India was not even on the horizon. The focus in the mid-1990s was more on Russia,

but today Russia is seen as an under-performing giant, particular in the political context of APEC and the Six-Party Talks. Arvizu suggested that the United States, Japan, and Korea might consider inviting Australia to the next dialogue.

Participants

¶19. (SBU)

United States
Policy Planning Director David Gordon
S/P Principal Deputy Director Kori Schake
S/P James Green
S/P Amanda Catanzano
EAP DAS Alex Arvizu
OSD DASD David Sedney
EAP/K Jim Heller
Brian McFeeters, U.S. Embassy Seoul
EAP/K Andrew Ou, Notetaker
EAP/J Forest Yang, Notetaker

Japan

Deputy Vice Minister for Foreign Policy Chikao Kawai, MOFA
Policy Planning Deputy Director Daisuke Hoshino, MOFA
First Secretary Taisuke Mibae, Embassy of Japan

Republic of Korea

Deputy Foreign Minister Park In-kook, MOFAT
Development and Cooperation Director Jeong Jin-kyu, MOFAT
North America Division First Secretary Kang Dae-soo, MOFAT
Policy Division First Secretary Jung Young-soo, MOFAT
Policy Division First Secretary Hwang Jun-shik, MOFAT
Staff to Director Jeong Lee Ah-jung, MOFAT
Political Counselor Lee Baek-soon, Embassy of ROK
First Secretary Ryu Chang-soo, Embassy of ROK
RICE